

BOND PURCHASE AGREEMENT

\$[_____]
City of San José, California
Airport Revenue Bonds
Series 2011[B/C]
[(Taxable)/(Non-AMT)]

December [____], 2011

City of San José
200 East Santa Clara Street
San José, California 95113

Ladies and Gentlemen:

The undersigned, [____], as representative (the "Representative") of the underwriters listed on the signature page hereof (the "Underwriters"), hereby offers to enter into this Bond Purchase Agreement (this "Bond Purchase Agreement") with the City of San José (the "City") with respect to the issuance by the City and the purchase by the Underwriters of the City of San José, California, Airport Revenue Bonds, Series 2011[B/C] [(Taxable)/(Non-AMT)] (the "Series 2011[B/C] Bonds"). This offer is made subject to acceptance by the City prior to 11:59 p.m., California time, on the date hereof and upon such acceptance this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon the City and the Underwriters. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Official Statement (as hereinafter defined).

Section 1. Purchase, Sale and Terms of the Series 2011[B/C] Bonds. Upon the terms and conditions and upon the basis of the representations, warranties and agreements set forth herein, the Underwriters (acting as principals and independent contractors and not as advisors, agents or fiduciaries), jointly and severally, hereby agree to purchase from the City, and the City hereby agrees to sell to the Underwriters, all (but not less than all) of the Series 2011[B/C] Bonds in the aggregate principal amount of \$[_____].

The Underwriters have designated the Representative to act as their representative, and the Representative hereby represents that it is duly authorized to execute this Bond Purchase Contract for and on behalf of the Underwriters and to act hereunder by and on behalf of the Underwriters. The Underwriters agree to purchase the Series 2011[B/C] Bonds at the aggregate purchase price of \$[_____] (consisting of the principal amount of the Series 2011[B/C] Bonds of \$[_____] , [[plus/less] a net original issue [premium/discount] of \$[_____] ,] less an Underwriters' discount of \$[_____]) (the "Purchase Price"). The Series 2011[B/C] Bonds will be dated their date of delivery, shall bear interest payable on [March] 1, 2012 and thereafter semiannually each March 1 and September 1 at the rates, shall mature on March 1 in each year and in the amounts and shall be subject to redemption, in each case, as set forth in Exhibit A attached hereto.

The Underwriters agree, subject to the terms and conditions hereof, to make a bona fide public offering of all the Series 2011[B/C] Bonds initially at the offering prices and yields set forth in Exhibit A hereto. Subsequent to the initial public offering, the Underwriters reserve the right to change the public offering prices (or yields) as they deem necessary in connection with the marketing of the Series 2011[B/C] Bonds. The Series 2011[B/C] Bonds may be offered and sold to certain dealers at prices lower (or yields higher) than such initial public offering prices.

The City acknowledges and agrees that (i) the purchase and sale of the Series 2011[B/C] Bonds pursuant to this Bond Purchase Agreement is an arm's-length commercial transaction between the City and the Underwriters, (ii) in connection therewith and with the discussions, undertakings and procedures leading up to the consummation of such transaction, the Underwriters are and have been acting solely as principals and are not acting as municipal advisors (as defined in Section 15B(e)(4) of the Securities Exchange Act of 1934, as amended), or agents, advisors or fiduciaries of the City, (iii) the Underwriters have not assumed an advisory or fiduciary responsibility in favor of the City with respect to the offering of the Series 2011[B/C] Bonds contemplated hereby or the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters, or any affiliates of the Underwriters, have provided other services or are currently providing other services to the City on other matters) and the Underwriters have no obligation to the City with respect to the offering of the Series 2011[B/C] Bonds contemplated hereby except the obligations expressly set forth in this Bond Purchase Agreement, (iv) the City has consulted with its own legal, financial and other advisors to the extent it deemed appropriate in connection with the offering of the Series 2011[B/C] Bonds; and (v) the Underwriters have financial and other interests that differ from those of the City.

[The City acknowledges that J.P. Morgan Securities LLC ("J.P. Morgan") has entered into negotiated dealer agreements (each, a "Dealer Agreement") with each of UBS Financial Services Inc. ("UBSFS") and Charles Schwab & Co., Inc. ("CS&Co.") for the retail distribution of certain securities offerings, including the Series 2011B Bonds, at the original issue prices. Pursuant to each Dealer Agreement, each of UBSFS and CS&Co. will purchase Series 2011B Bonds from J.P. Morgan at the original issue prices less a negotiated portion of the selling concession applicable to any Series 2011B Bonds that such firm sells.]

Section 2. The Series 2011[B/C] Bonds. The Series 2011[B/C] Bonds will be issued and secured pursuant to Sections 200 and 1220 of the Charter of the City of San José (the "**City Charter**") and Chapter 4.38 of the City Municipal Code (collectively, the "**Law**") and the Master Trust Agreement, dated as of July 1, 2001, by and between the City and The Bank of New York Mellon Trust Company, N.A., as successor to BNY Western Trust Company, as trustee (the "**Trustee**"), as amended and supplemented, as applicable, by the First Supplemental Trust Agreement, dated as of July 1, 2001, by and between the City and the Trustee, the Second Supplemental Trust Agreement, dated as of December 1, 2002, by and between the City and the Trustee, the Third Supplemental Trust Agreement, dated as of June 1, 2004, by and between the City and the Trustee, the Fourth Supplemental Trust Agreement, dated as of June 1, 2004, by and between the City and the Trustee, the Fifth Supplemental Trust Agreement, dated as of September 1, 2007, by and between the City and the Trustee, the Sixth Supplemental Trust Agreement, dated as of May 1, 2009, by and between the City and the Trustee, the Seventh

Supplemental Trust Agreement, to be dated as of July 1, 2011, by and between the City and the Trustee, the Eighth Supplemental Trust Agreement, to be dated as of December 1, 2011, by and between the City and the Trustee, and the Ninth Supplemental Trust Agreement, to be dated as of December 1, 2011, by and between the City and the Trustee (collectively, the “**Master Trust Agreement**”), substantially in the forms previously submitted to the Underwriters with only such changes therein as shall be mutually agreed upon by the City and the Representative. On November 15, 2011, the City Council adopted a resolution (the “**Authorizing Resolution**”) which approved the issuance of the Series 2011[B/C] Bonds and certain related matters.

The City is obligated to pay the principal of and interest on the Series 2011[B/C] Bonds from General Airport Revenues and certain other funds held or made available under the Master Trust Agreement.

[The Series 2011B Bonds are being issued (i) to refund Subordinated Commercial Paper Notes originally issued to finance and/or refinance the costs of designing and constructing certain improvements at the Norman Y. Mineta San José International Airport (the “Airport”), (ii) to pay a portion of the interest to accrue on the Series 2011B Bonds through March 1, 2014, (iii) to make a cash deposit to the 2011B Reserve Account of the Bond Reserve Fund, (iv) to fund an increase of the Rolling Coverage Amount, and (v) to pay the costs of issuing the Series 2011B Bonds.]

[The Series 2011C Bonds are being issued (i) to refund [all/a portion] of the outstanding City of San José Airport Revenue Bonds, Series 2001A, and (ii) to pay the costs of issuing the Series 2011C Bonds.]

Section 3. Use and Preparation of Preliminary Official Statement and Official Statement; Continuing Disclosure. The City hereby ratifies, confirms and approves of the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement, dated November [___], 2011 relating to the Series 2011[B/C] Bonds (which, together with all appendices thereto, is referred to herein as the “**Preliminary Official Statement**”). The City has deemed final the Preliminary Official Statement as of its date for purposes of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (“**Rule 15c2-12**”), except for information permitted to be omitted therefrom by Rule 15c2-12. The City hereby agrees to deliver or cause to be delivered to the Underwriters, in sufficient time to accompany any confirmation that requests payment from any customer (but in no event later than seven (7) business days of the date hereof and at least three (3) business days prior to the Closing Date (as hereinafter defined), whichever occurs first), copies of the final Official Statement, dated the date hereof (including all information previously permitted to have been omitted by Rule 15c2-12 and any amendments or supplements to such Official Statement as have been approved by the City and the Representative) (such final Official Statement, including the cover page, the inside cover page and appendices thereto, herein being referred to as the “**Official Statement**”) in sufficient quantities and/or in a designated electronic format (as defined in Municipal Securities Rulemaking Board Rule G-32) to enable the Underwriters to comply with the rules of the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The City hereby approves of the use and distribution by the Underwriters of the Official Statement in connection with the offer and sale of the Series 2011[B/C] Bonds. At the time of or

prior to the Closing Date, the Representative shall file a copy of the Official Statement with the Municipal Securities Rulemaking Board.

The City will undertake pursuant to a Continuing Disclosure Certificate, to be dated as of the date of issuance of the Series 2011[B/C] Bonds (the “**Continuing Disclosure Certificate**”), to provide certain annual financial and operating information with respect to the Norman Y. Mineta San José International Airport (the “**Airport**”) and notices of the occurrence of certain material events with respect to the Airport. A description of this undertaking is set forth in the Preliminary Official Statement and the Official Statement.

Section 4. Representation and Warranties of the City. The City warrants, represents to and agrees with the Underwriters that:

(a) The City is, and will be at the Closing (as hereinafter defined), a municipal corporation, duly organized and validly existing under the City Charter and the Constitution of the State of California with the power under the Law and the Master Trust Agreement to issue the Series 2011[B/C] Bonds.

(b) (i) At or prior to the Closing, the City will have taken all action required to be taken by it to duly authorize the issuance and delivery of the Series 2011[B/C] Bonds and the consummation by it of all transactions contemplated by this Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, the Master Trust Agreement and the Continuing Disclosure Certificate, and such authorization shall be in full force and effect at the time of the Closing.

(ii) The City has full legal right, power and authority to enter into this Bond Purchase Agreement, the Master Trust Agreement and the Continuing Disclosure Certificate and to adopt the Authorizing Resolution and full legal right, power and authority to issue and deliver the Series 2011[B/C] Bonds to the Underwriters and to perform its obligations under each such document, and to carry out and effectuate the transactions contemplated by this Bond Purchase Agreement, the Preliminary Official Statement, the Official Statement, the Master Trust Agreement, the Authorizing Resolution and the Continuing Disclosure Certificate.

(iii) The execution and delivery or adoption of, and the performance by the City of its obligations contained in the Series 2011[B/C] Bonds, the Master Trust Agreement, the Authorizing Resolution, the Continuing Disclosure Certificate and this Bond Purchase Agreement have been duly authorized, and such authorization shall be in full force and effect at the time of the Closing.

(iv) This Bond Purchase Agreement, the Master Trust Agreement, the Series 2011[B/C] Bonds and the Continuing Disclosure Certificate have been duly executed and delivered, and this Bond Purchase Agreement, the Continuing Disclosure Certificate, the Master Trust Agreement (assuming due authorization, execution and delivery by the other parties thereto) and the Series 2011[B/C] Bonds constitute valid and legally binding obligations of the City, enforceable in

accordance with their terms, except as such enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles whether or not sought, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State of California. The Series 2011[B/C] Bonds conform with, and are entitled to the benefit and security of the Master Trust Agreement.

(c) Other than as set forth in the Preliminary Official Statement and the Official Statement, no consent, approval, authorization, order, filing, registration, qualification, election or referendum, of or by any person, organization, court or governmental agency or public body whatsoever is required in connection with the issuance, delivery or sale of the Series 2011[B/C] Bonds, the adoption of the Authorizing Resolution or the consummation of the other material transactions effected or contemplated herein or hereby or in the Preliminary Official Statement and the Official Statement, except for such actions as may be necessary to be taken to qualify the Series 2011[B/C] Bonds for offer and sale under Blue Sky or other securities laws and regulations of such states and jurisdictions of the United States as the Underwriters may designate.

(d) The Director of Aviation has no reason to believe that the certifications, assumptions and conclusions in the Report of the Independent Airport Consultant set forth in Appendix B of the Preliminary Official Statement and the Official Statement, including the forecasts therefrom included in the body of the Preliminary Official Statement and the Official Statement, are not reasonable. The Director of Aviation has no reason to believe that the capital construction program information, aviation activity data and accounting and other financial documents furnished by the City to Ricondo & Associates, Inc. (the “**Independent Airport Consultant**”) in connection with the preparation of the Report of the Independent Airport Consultant are not accurate in all material respects. Further, the Director of Aviation has no knowledge, after due inquiry, of any fact or circumstances that would have a material adverse effect on the assumptions, findings, projections or conclusions in the Report of the Independent Airport Consultant that the City has not disclosed to the Independent Airport Consultant or the Underwriters.

(e) The adoption of the Authorizing Resolution, the issuance of the Series 2011[B/C] Bonds, the execution, delivery and performance of this Bond Purchase Agreement, the Master Trust Agreement, the Continuing Disclosure Certificate and the Series 2011[B/C] Bonds, and the performance in accordance with the Series 2011[B/C] Bonds, and compliance with the provisions hereof and thereof will not conflict with or constitute a breach of, a violation of, or default under, the Constitution of the State of California, the City Charter, the Law or any other existing law, ordinance, administrative regulation, or resolution applicable to the City and the issuance of the Series 2011[B/C] Bonds, and other than as described in the Preliminary Official Statement and the Official Statement, do not conflict with or result in a violation or breach of, or constitute a default

under, any agreement, indenture, mortgage, lease or other instrument, judgment, consent decree or court order to which the City is a party.

(f) Other than as set forth in the Preliminary Official Statement and the Official Statement and to the best of the knowledge of the Director of Finance, there is no action, suit, proceeding, hearing, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body that has been served on the City and that is now pending or that has been threatened in writing against the City:

(i) in any way affecting the existence of the City or in any way challenging the respective powers of the several offices or the titles of the officials of the City to such offices;

(ii) seeking to restrain, prohibit or enjoin the sale, issuance or delivery of any of the Series 2011[B/C] Bonds, the application of the proceeds of the sale of the Series 2011[B/C] Bonds, or the collection of the General Airport Revenues, the Available PFC Revenues or the Other Available Funds pledged or to be pledged or made available to pay the principal of and interest on the Series 2011[B/C] Bonds, or the pledge thereof, or in any way contesting or affecting the validity or enforceability of the Series 2011[B/C] Bonds, this Bond Purchase Agreement, the Master Trust Agreement, the Continuing Disclosure Certificate or the Authorizing Resolution, or contesting in any way the completeness or accuracy of the Preliminary Official Statement or the Official Statement, or in any way contesting the powers of the City or its authority with respect to the Series 2011[B/C] Bonds, the Master Trust Agreement, the Authorizing Resolution, the Continuing Disclosure Certificate or this Bond Purchase Agreement; or

(iii) in which a final adverse decision, ruling or finding could (A) materially adversely affect the finances or operations of the Airport or the validity of the Series 2011[B/C] Bonds, this Bond Purchase Agreement, the Master Trust Agreement, the Continuing Disclosure Certificate or the Authorizing Resolution or the consummation of the transactions contemplated by this Bond Purchase Agreement, the Master Trust Agreement or the Authorizing Resolution; (B) declare this Bond Purchase Agreement, the Series 2011[B/C] Bonds, the Continuing Disclosure Certificate, the Master Trust Agreement or the Authorizing Resolution to be invalid or unenforceable in whole or in material part; or (C) adversely affect the [exclusion from gross income of the interest paid on the Series 2011C Bonds for federal income purposes and] the exemption of interest on the Series 2011[B/C Bonds] from California personal income taxation].

(g) Any certificate signed by any officer of the City and delivered to the Underwriters shall be deemed a representation and warranty by the City to the Underwriters as to the statements made therein.

(h) With respect to the Series 2011[B/C] Bonds, the City has complied in all material respects with the City Charter, the Law and the Constitution of the State of California, and the City has not been, is not presently and as a result of the issuance of the

Series 2011[B/C] Bonds will not be in violation of any debt limitation, appropriation limitation or any other provision of the City Charter, the Law or the Constitution of the State of California applicable to the issuance and repayment of the Series 2011[B/C] Bonds.

(i) The City has by official action prior to or concurrently with the acceptance hereof, duly authorized and hereby approves and consents to the distribution of the Preliminary Official Statement and the Official Statement by the Underwriters.

(j) The City will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request in order (i) to qualify the Series 2011[B/C] Bonds for offer and sale under the Blue Sky or other securities laws and regulations of such states and other jurisdictions of the United States as the Underwriters may designate; and (ii) to determine the eligibility of the Series 2011[B/C] Bonds for investment under the laws of such states and other jurisdictions, and will use its reasonable efforts to continue such qualification in effect so long as required for distribution of the Series 2011[B/C] Bonds; provided, however, that the City will not be required to execute a special or general consent to service of process as a foreign corporation in connection with any such qualification in any jurisdiction.

(k) As of the date of the Preliminary Official Statement and as of the date hereof, the Preliminary Official Statement (excluding the statements and information concerning The Depository Trust Company (“DTC”) and the book-entry system set forth therein or under the captions “UNDERWRITING” and “APPENDIX I—DTC AND THE BOOK-ENTRY SYSTEM”) did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(l) As of the date hereof and as of the date of the Closing, the Official Statement (excluding the statements and information concerning DTC and the book-entry system set forth therein or under the captions “UNDERWRITING” and “APPENDIX I—DTC AND THE BOOK-ENTRY SYSTEM”) does not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they are made, not misleading.

(m) If between the date hereof and the date which is 25 days after the End of the Underwriting Period (as defined in paragraph p below) for the Series 2011[B/C] Bonds, an event occurs which would cause the Official Statement, as then supplemented or amended, to contain any untrue statement of a material fact or to omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading, the City will notify the Representative, and, if in the reasonable opinion of the Representative, such event requires the preparation and publication of a supplement or amendment to the Official Statement, the City will cooperate in the preparation of an amendment or supplement to the Official Statement in a form and manner approved by the Representative, and shall

pay all expenses thereby reasonably incurred. For the purposes of this subsection, between the date hereof and the date which is 25 days after the End of the Underwriting Period for the Series 2011[B/C] Bonds, the City will furnish such information with respect to itself as the Representative may from time to time reasonably request.

(n) If the Official Statement is amended or supplemented pursuant to paragraph (m) above, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such subparagraph) at all times subsequent thereto up to and including the date which is 25 days after the End of the Underwriting Period for the Series 2011[B/C] Bonds, the Official Statement so supplemented or amended (including any financial and statistical data contained therein) will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(o) After the Closing, the City will not participate in the issuance of any amendment of or supplement to the Official Statement without first conferring with the Representative and allowing the Representative to review and comment (which comments the City shall reasonably consider) on such amendment or supplement.

(p) As used herein and for the purposes of the foregoing, the term **“End of the Underwriting Period”** for the Series 2011[B/C] Bonds shall mean the earlier of (i) the date of Closing, unless the City shall have been notified in writing to the contrary by the Representative on or prior to the date of Closing; and (ii) the date on which the End of the Underwriting Period for the Series 2011[B/C] Bonds has occurred under Rule 15c2-12; provided, however, that the City may treat as the End of the Underwriting Period for the Series 2011[B/C] Bonds the date specified as such in a notice from the Representative stating the date which is the End of the Underwriting Period. The Underwriters hereby agree that the End of the Underwriting Period shall be the date of Closing, unless the Representative otherwise notifies the City in writing to the contrary.

(q) The financial statements of the Airport included in Appendix E of the Preliminary Official Statement and the Official Statement and the financial information regarding the Airport included in Table 12 of Appendix A of the Preliminary Official Statement and the Official Statement have been prepared in all material respects on a consistent basis in accordance with generally accepted accounting principles applicable to the financial reporting of governmental entities, and the financial statements of and other financial information regarding the Airport included in the Preliminary Official Statement and the Official Statement present fairly the financial position of the Airport and the results of operations of the Airport at the dates and for the periods indicated, and, as of the date of Closing, other than as has been described in the Preliminary Official Statement and the Official Statement (including, but not limited to, the description of the unaudited financial and operating results of the Airport for the fiscal year ended June 30, 2011 included in the Preliminary Official Statement [and the Official Statement]), there shall not have been any material adverse occurrence in the results of operations or financial condition or general affairs of the Airport since June 30, 2010.

(r) As of the date of Closing, other than as has been described in the Preliminary Official Statement and the Official Statement, there shall have been no increases in any debt of the City secured by a pledge of or payable from General Airport Revenues since the date hereof (excluding any ordinary maintenance and operation expenses of the Airport).

(s) Between the date hereof and the Closing, without the prior written consent of the Representative, which shall not be unreasonably withheld, the City will not have issued any bonds, notes or other obligations for borrowed money on behalf of the City payable from General Airport Revenues, PFC Revenues or CFC Revenues, except for such borrowings as may be described in or contemplated by the Preliminary Official Statement or the Official Statement.

(t) The City has not been notified in writing of any listing or proposed listing by the Internal Revenue Service to the effect that the City is a bond issuer whose no arbitrage certificates may not be relied upon.

(u) The City is not in default in the payment of principal or interest on any bond, note or other general or special obligation for borrowed money, which are payable from General Airport Revenues or such other funds held or made available under the Master Trust Agreement, nor is it in default under any agreement or instrument under which any obligation for borrowed money has been issued, which are payable from General Airport Revenues or such other funds held or made available under the Master Trust Agreement, and no event of which the City has notice or knowledge has occurred under the provisions of any such instrument or agreement which, with or without the lapse of time or the giving of notice, or both, constitutes or would constitute a default thereunder.

(v) The City has full right, power and authority to conduct its business and operations with respect to the Airport as described in the Preliminary Official Statement and the Official Statement.

(w) Except as otherwise described in the Preliminary Official Statement and the Official Statement, the City is in compliance with all of its current continuing disclosure obligations and has never failed to comply in all material respects with any previous undertakings with regard to Rule 15c2-12 to provide annual reports or notices of material events.

The execution and delivery of this Bond Purchase Agreement by the City shall constitute a representation by the City to the Underwriters that all of the representations and warranties contained in this Section 4 are true as of the date hereof.

Section 5. Closing. At 8:00 a.m., California time, on December [], 2011 or at such other time or on such earlier or later date as shall have been mutually agreed upon by the City and the Representative (the “**Closing Date**”), the City will deliver or cause to be delivered to the Representative, under the Fast Automated Securities Transfer System of DTC, the Series 2011[B/C] Bonds, in the form of a separate single fully registered bond for each Series, maturity

date and interest rate of the Series 2011[B/C] Bonds duly executed by the City and authenticated by the Trustee, together with the other documents hereinafter mentioned. The Representative will, subject to the terms and conditions hereof, accept delivery of the Series 2011[B/C] Bonds and pay the Purchase Price of the Series 2011[B/C] Bonds as set forth in Section 1 hereof by wire transfer in immediately available funds on the Closing Date. The Series 2011[B/C] Bonds shall be made available to the Trustee not later than one (1) business day before the Closing Date. Upon initial issuance, the ownership of such Series 2011[B/C] Bonds shall be registered in the registration books kept by the Trustee in the name of Cede & Co., as the nominee of DTC.

Payment for the Series 2011[B/C] Bonds, together with delivery of the documents hereinafter mentioned shall be coordinated at the offices of Orrick, Herrington & Sutcliffe, LLP, San Francisco, California, or at such other place as shall have been mutually agreed upon by the City and the Representative. Such payment and delivery is herein referred to as the “**Closing**.” The Representative shall order CUSIP identification numbers and the City shall cause such CUSIP identification numbers to be printed on the Series 2011[B/C] Bonds, but neither the failure to print such number on any bond nor any error with respect thereto shall constitute cause for a failure or refusal by the Underwriters to accept delivery of and pay for the Series 2011[B/C] Bonds at the Closing in accordance with the terms of this Bond Purchase Agreement. All expenses in relation to the printing of CUSIP numbers on said Series 2011[B/C] Bonds and the CUSIP Service Bureau charge for the assignment of said numbers shall be paid for by the City from Series 2011[B/C] Bond proceeds.

Section 6. Closing Conditions. The Underwriters have entered into this Bond Purchase Agreement in reliance upon the representations and warranties of the City contained herein, all other representations, warranties and agreements to be contained in the documents and instruments to be delivered at Closing and the performance by the City of its obligations hereunder, both as of the date hereof and as of the date of Closing. The Underwriters’ obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) At the time of Closing, (i) this Bond Purchase Agreement, the Master Trust Agreement and the Continuing Disclosure Certificate shall be in full force and effect as valid and binding agreements between the parties thereto and the Official Statement shall have been duly authorized, executed and delivered, in substantially the form heretofore submitted to the Underwriters, and the Master Trust Agreement, the Continuing Disclosure Certificate, the Authorizing Resolution and the Official Statement shall not have been amended, modified or supplemented except as may have been agreed to in writing by the Representative, and there shall be in full force and effect such resolutions as, in the opinion of Orrick, Herrington & Sutcliffe LLP (“**Bond Counsel**”), shall be necessary in connection with the transactions contemplated hereby; and (ii) the representations and warranties of the City contained herein shall be true and correct in all material respects on the date hereof and at the time of Closing, as if made on the date of Closing.

(b) At or prior to the Closing, the Underwriters shall receive the following documents, in each case satisfactory in form and substance to the Representative:

(i) an unqualified approving opinion of Bond Counsel, dated the date of Closing, addressed to the City, substantially in the form attached to the Official Statement as Appendix F thereto, together with a reliance letter with respect thereto addressed to the Underwriters;

(ii) a supplemental opinion of Bond Counsel, dated the date of Closing, addressed to the Underwriters and the City, substantially in the form attached hereto as Exhibit B-1;

(iii) an opinion of Orrick, Herrington & Sutcliffe LLP, Disclosure Counsel to the City, dated the date of Closing, addressed to the Underwriters and the City, substantially in the form attached hereto as Exhibit B-2;

(iv) an opinion of the City Attorney, dated the date of Closing, addressed to the City and the Underwriters, to the effect that:

(A) the City is duly organized and validly existing under the City Charter and the Constitution of the State of California as a charter city and municipal corporation;

(B) the Authorizing Resolution was duly adopted at a meeting of the City Council which was called and held pursuant to the Law and other applicable laws and with all public notice required by the Law and other applicable laws and at which a quorum was present and acting throughout;

(C) other than as set forth in the Preliminary Official Statement and the Official Statement, based on a review of the roster of litigation and claims maintained by the City Attorney's Office, there is no action, suit, proceeding, hearing, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, that has been served on the City and is now pending or, threatened in writing against the City (i) to restrain, prohibit or enjoin the issuance, sale or delivery of the Series 2011[B/C] Bonds, the application of the proceeds of the Series 2011[B/C] Bonds, or the collection of revenues pledged under the Master Trust Agreement, (ii) in any way contesting the City's authority for the issuance of the Series 2011[B/C] Bonds or the validity and enforceability of the Series 2011[B/C] Bonds, the Master Trust Agreement, the Authorizing Resolution, the Continuing Disclosure Certificate, [the tax certificate dated the date of Closing and executed by the City (the "**Tax Certificate**")], or this Bond Purchase Agreement, (iii) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement, (iv) contesting the existence or powers of the City with respect to the issuance of the Series 2011[B/C] Bonds or the security therefor, wherein an unfavorable decision, ruling or finding would materially adversely affect (A) the transactions contemplated by the Master Trust Agreement, the Authorizing Resolution, the Continuing

Disclosure Certificate, [the Tax Certificate] or this Bond Purchase Agreement or the validity of the Series 2011[B/C] Bonds, (B) the finances or operations of the Airport or (C) [the exclusion from gross income of the interest paid on the Series 2011C Bonds for federal income purposes and the exemption of interest on the Series 2011[B/C] Bonds from California personal income taxation];

(D) the adoption of the Authorizing Resolution, the issuance, sale and delivery of the Series 2011[B/C] Bonds, and the execution and delivery of the Master Trust Agreement, the Continuing Disclosure Certificate, [the Tax Certificate] and this Bond Purchase Agreement, and compliance with the provisions thereof, under the circumstances contemplated thereby, and other than as described in the Preliminary Official Statement and the Official Statement, do not and will not conflict with or constitute on the part of the City a breach of or default under any agreement, instrument, judgment, court order or consent decree to which the City is a party or by which it is bound or any existing law, regulation, or bylaws applicable to the City and the issuance of the Series 2011[B/C] Bonds;

(E) the Series 2011[B/C] Bonds, the Master Trust Agreement, the Continuing Disclosure Certificate and this Bond Purchase Agreement have been duly authorized, executed and delivered by the City, and assuming due authorization, execution and delivery by the other parties thereto constitute valid and binding obligations of the City enforceable in accordance with their terms, subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws affecting the enforcement of creditors' rights in general and to the application of equitable principles whether or not equitable remedies are sought and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State;

(F) the Preliminary Official Statement has been duly authorized and delivered by the City; and the Official Statement has been duly authorized, executed and delivered by the City; and

(G) based on the City Attorney's examination and participation at conferences at which the Official Statement was discussed, in the City Attorney's opinion the statements contained in the Official Statement under the captions "LITIGATION" and "APPENDIX A—THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT—LITIGATION" do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make such statements therein, in the light of the circumstances under which they were made, not misleading.

(v) an opinion of and Kutak Rock LLP (“**Underwriters’ Counsel**”), dated the date of Closing, addressed to the Underwriters, to the effect: (a) based upon examinations which they have made, which may be specified, and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Official Statement, nothing has come to their attention which would lead them to believe that the Official Statement, as of its date and as of the date of Closing, contained or contains any untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. Underwriters’ Counsel will express no belief or opinion as to Appendices B, E, F or I to the Official Statement or as to any CUSIP numbers, financial, technical, statistical, economic, engineering, demographic or tabular data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion included in the Official Statement or as to the information contained in the Official Statement under the captions “TAX MATTERS,” “LITIGATION” and “APPENDIX A—THE NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT—LITIGATION” or any information in the Official Statement about the book-entry system, Cede & Co., or DTC; (b) the Series 2011[B/C] Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Master Trust Agreement is exempt from qualification under the Trust Indenture Act of 1939, as amended; and (c) the Continuing Disclosure Certificate meets the requirements of Section (b)(5)(i) of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended.

(vi) an opinion of counsel to the Trustee, dated the date of Closing, addressed to the City and the Underwriters, to the effect that:

(A) the Trustee has been duly organized and is validly existing as a national banking association organized, existing and in good standing under the laws of the United States of America and has all necessary power to perform its duties under the Master Trust Agreement;

(B) the Series 2011[B/C] Bonds have been duly authenticated by the Trustee in accordance with the Master Trust Agreement and the [Ninth] Supplemental Trust Agreement has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery thereof by the City, the Master Trust Agreement constitutes the legal, valid and binding obligations of the Trustee enforceable in accordance with its terms, except as the enforcement thereof may be limited by bankruptcy, insolvency, or other laws affecting the enforcement of creditors’ rights generally and by the application of equitable principles if equitable remedies are sought; and

(C) exclusive of federal or state securities laws and regulations, to the best of such counsel’s knowledge, other than routine filings required

to be made with governmental agencies in order to preserve the Trustee's authority to perform a trust business, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the trust powers of the Trustee that has not been obtained is or will be required for the performance by the Trustee of its duties under the Master Trust Agreement;

(vii) a certificate, dated the date of Closing, signed by a duly authorized official of the City satisfactory in form and substance to the Underwriters, to the effect that (A) the representations and warranties made by the City in this Bond Purchase Agreement are true and correct as of the date of Closing; and (B) as of its date and as of the date of Closing, the Official Statement (excluding the statements and information concerning DTC and the book-entry system set forth therein or under the captions "UNDERWRITING" and "APPENDIX I—DTC AND THE BOOK-ENTRY SYSTEM"), did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(viii) a certificate, dated the date of Closing, signed by the Director of Aviation satisfactory in form and substance to the Representative, to the effect that (A) the Director of Aviation has no reason to believe that the certifications, assumptions and conclusions in the Report of the Independent Airport Consultant set forth in Appendix B of the Preliminary Official Statement and the Official Statement, including the forecasts therefrom included in the body of the Preliminary Official Statement and the Official Statement, are not reasonable; (B) the Director of Aviation has no reason to believe that the capital construction program information, aviation activity data and accounting and other financial documents furnished by the City to the Independent Airport Consultant in connection with the preparation of the Report of the Independent Airport Consultant are not accurate in all material respects, and (C) the Director of Aviation has no knowledge, after due inquiry, of any fact or circumstances that would have a material adverse effect on the assumptions, findings, projections or conclusions in the Report of the Independent Airport Consultant that the City has not disclosed to the Independent Airport Consultant or the Underwriters;

(ix) a certificate of the Trustee, dated the date of Closing, signed by an authorized officer of the Trustee, in form and substance satisfactory to Bond Counsel, to the effect that:

(A) the Trustee is a national banking association organized, existing and in good standing under the laws of the United States of America, is authorized to carry out corporate trust powers and has all necessary power and authority to perform its duties under the Master Trust Agreement;

(B) to the knowledge of the Trustee, no consent, approval, authorization or other action by any governmental or regulatory authority having jurisdiction over the trust powers of the Trustee that has not been obtained is or will be required for the performance by the Trustee of its obligations under the Master Trust Agreement;

(C) compliance with the provisions of the Master Trust Agreement has been duly authorized by all necessary corporate action on the part of the Trustee and, to the best knowledge of the Trustee, will not in any material respect conflict with or constitute a breach of or default under any law, administrative regulation, court decree, resolution, charter, by-laws or any other agreement or instrument to which the Trustee in its fiduciary capacity is subject or by which it is bound; and

(D) to the best knowledge of the Trustee, there is no litigation that has been served on the Trustee or threatened against or affecting the Trustee to restrain or enjoin the Trustee's participation in, or in any way contesting the powers of the Trustee with respect to, the transactions contemplated by the Series 2011[B/C] Bonds or the Master Trust Agreement;

(x) a certified copy of the Authorizing Resolution;

(xi) two copies of the Official Statement, with the approval thereof executed on behalf of the City by an authorized representative of the City;

(xii) an executed copy of the Master Trust Agreement and the Continuing Disclosure Certificate, together with the certificates of the City delivered to the Trustee under Sections 3.02 and 3.03 of the Master Trust Agreement;

(xiii) [a Tax Certificate in form and substance acceptable to Bond Counsel;]

(xiv) the Report of the Independent Airport Consultant, together with the consent and certificate of the Independent Airport Consultant substantially in the form of Exhibit C attached hereto;

(xv) evidence that the Series 2011[B/C] Bonds have been rated "[A2]" ([negative] outlook) by Moody's Investors Service, Inc., "[A-]" ([negative] outlook) by Fitch Ratings, and "[A]" ([negative] outlook) by Standard & Poor's Ratings Services, a Standard & Poor's Financial Services LLC business;

(xvi) a certificate from Public Financial Management Inc., in form and substance satisfactory to the Representative, regarding certain information on annual debt service presented in the Report of the Independent Airport Consultant;

(xvii) a copy of the Report of Proposed Debt Issuance and the Report of Final Sale required to be delivered to the California Debt and Investment Advisory Commission; and

(xviii) such additional legal opinions, certificates, proceedings, instruments and other documents as Bond Counsel and the Representative may reasonably request to evidence compliance by the City with legal requirements, the truth and accuracy, as of the time of Closing, of the representations contained herein and in the Official Statement and the due performance or satisfaction by the City at or prior to such time of all agreements then to be performed and all conditions then to be satisfied.

(c) All matters relating to the Series 2011[B/C] Bonds and the sale thereof and the consummation of the transactions contemplated by this Bond Purchase Agreement shall have been approved by the Representative, such approval not to be unreasonably withheld.

If the conditions to the Underwriters' obligations contained in this Bond Purchase Agreement are not satisfied or if the Underwriters' obligations shall be terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement shall terminate and the Underwriters shall have no further obligation hereunder.

Section 7. Right of Underwriters to Cancel Obligations. The Underwriters shall have the right to cancel their obligations to purchase the Series 2011[B/C] Bonds if, between the date hereof and the Closing, regardless of whether any of the following statements of fact were in existence or known on the date of this Bond Purchase Agreement:

(a) the marketability of the Series 2011[B/C] Bonds or the market price thereof, in the reasonable opinion of the Representative, has been materially adversely affected by an amendment to the Constitution of the United States or by any legislation in or by the Congress of the United States or by the State of California, or the amendment of legislation pending as of the date of this Bond Purchase Agreement in the Congress of the United States, or the recommendation to Congress or endorsement for passage (by press release, other form of notice or otherwise) of legislation by the President of the United States, the Treasury Department of the United States, the Internal Revenue Service or the Chairman or ranking minority member of the Committee on Finance of the United States Senate or the Committee on Ways and Means of the United States House of Representatives, or the proposal for consideration of legislation by either such Committee or by any member thereof, or the presentment of legislation for the staff of either such Committee, or by the staff of the Joint Committee on taxation of the Congress of the United States, or the favorable reporting for passage of legislation to either House of the Congress of the United States by a Committee of such House to which such legislation has been referred for consideration, or any decision of any federal or state court or any ruling or regulation (final, temporary or proposed) or official statement on behalf of the United States Treasury Department, the Internal Revenue Service or other federal or state authority affecting the federal or state tax status of the City, or [affecting the exemption

of interest on the Series 2011B Bonds from California personal income taxation] [the interest on the Series 2011C Bonds];

(b) there shall exist any event which in the reasonable opinion of the Representative either (i) makes untrue or incorrect in any material respect any statement or information contained in the Official Statement, or (ii) is not reflected in the Official Statement but should be reflected therein to make the statements contained therein not misleading in any material respect (for the purposes of this paragraph the Preliminary Official Statement and any written amendments or supplements thereto delivered by the City to the Underwriters shall be deemed to be the Official Statement until such time as a final printed Official Statement is delivered to the Underwriters pursuant to Section 3 hereof);

(c) there shall have occurred any outbreak of hostilities or other national or international calamity or crisis or the escalation of any such outbreak, calamity or crisis, the effect of such outbreak, calamity, crisis or escalation on the financial markets of the United States being such as would make it impracticable, in the reasonable opinion of the Representative, for the Underwriters to sell the Series 2011[B/C] Bonds;

(d) there shall be in force a general suspension of trading on the New York Stock Exchange or other minimum or maximum prices for trading shall have been fixed and be in force, or maximum ranges for prices for securities shall have been required and be in force on the New York Stock Exchange or such other exchange, whether by virtue of a determination by that Exchange or such other exchange or by orders of the Securities and Exchange Commission or any other governmental authority;

(e) a general banking moratorium shall have been declared by either federal, California or New York authorities having jurisdiction and be in force;

(f) there shall be established any new restrictions on transactions in securities materially affecting the free market for securities (including the imposition of any limitations on interest rates) or the extension of credit by, or the charge to the net capital requirements of, underwriters established by the New York Stock Exchange, the Securities and Exchange Commission, any other federal or state agency or the Congress of the United States, or by Executive Order;

(g) the ratings of the Series 2011[B/C] Bonds or other City obligations issued for the benefit of the Airport, which are rated, shall have been downgraded or withdrawn by a national rating service, which, in the Representative's reasonable opinion, materially adversely affects the market price of the Series 2011[B/C] Bonds; or

(h) the Comptroller of the Currency renders an opinion or issues a regulation which has the effect of prohibiting the Underwriters from underwriting the Series 2011[B/C] Bonds.

Section 8. Expenses. Whether or not the transactions contemplated by this Bond Purchase Agreement are consummated, all expenses and costs due and payable by the City

incident to the performance of its obligations in connection with the authorization, issuance and sale of the Series 2011[B/C] Bonds to the Underwriters, including, without limitation, the cost of printing or reproducing and delivering the Series 2011[B/C] Bonds, the Master Trust Agreement, the Authorizing Resolution, the Continuing Disclosure Certificate, the Preliminary Official Statement and the Official Statement and all ancillary papers, in reasonable quantities, credit rating agency fees, the costs of obtaining CUSIP numbers for the Series 2011[B/C] Bonds, the fees and disbursements of Bond Counsel and Disclosure Counsel, financial advisors, the Independent Airport Consultant and other consultants, shall be paid from the proceeds of the Series 2011[B/C] Bonds, and to the extent or in the event not so paid from the proceeds of the Series 2011[B/C] Bonds shall be paid by the City and shall not be the responsibility of the Underwriters.

The Underwriters will pay their out-of-pocket expenses, the fees and expenses of Underwriters' Counsel, the fees of DTC, the California Debt and Investment Advisory Commission Fee, any cost of preparation of any "blue sky" or legal investment memoranda and any regulatory fees imposed in connection with the primary offering of the Series 2011[B/C] Bonds.

Section 9. Notices. Any notice or other communication to be given to the Representative shall be given by delivering the same to [____], [____], New York, NY [____], Attention: [____]. All notices or communications hereunder by any party shall be given and served upon each other party. Any notice or communication to be given the City under this Bond Purchase Agreement may be given by delivering the same to the City of San José, Finance, 200 East Santa Clara Street, San José, California 95113, Attention: Debt Management. The approval of the Representative when required hereunder or the determination of satisfaction as to any document referred to herein shall be in writing and delivered to you.

Section 10. Parties in Interest. This Bond Purchase Agreement is made solely for the benefit of the City and the Underwriters (including the successors or assigns thereof) and no other person shall acquire or have any right hereunder or by virtue hereof. All representations, warranties and agreements of the City in this Bond Purchase Agreement shall remain operative and in full force and effect regardless of any investigation made by or on behalf of the Underwriters and shall survive the delivery of and payment for the Series 2011[B/C] Bonds. All representations and warranties of the City in this Bond Purchase Agreement are made as the date of this Bond Purchase Agreement and, pursuant to certificates delivered at Closing, will be confirmed as of the date of the Closing. The parties acknowledge and agree that (a) the City has no obligation to update or reconfirm the representations and warranties of the City in this Bond Purchase Agreement after the date of Closing, and (b) except as otherwise provided under Section 4(m) hereof, the City shall have no liability to the Underwriters by virtue of any event occurring after the Closing which makes any representation or warranty made by the City herein untrue or incomplete, provided the City had no prior knowledge of such event at Closing.

Section 11. Choice of Law. This Bond Purchase Agreement shall be governed by the laws of the State of California.

Section 12. Facsimile Transmission and Counterpart Signatures. This Bond Purchase Agreement may be executed by the parties hereto by facsimile transmission and in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[End of Bond Purchase Agreement]

THE UNDERWRITERS:

[UNDERWRITERS]

By: [_____] , as Representative of the
Underwriters

By _____
[_____]

Accepted and Agreed to:

CITY OF SAN JOSÉ

By _____
[_____] , [_____]

Approved as to Form:

RICHARD DOYLE, CITY ATTORNEY

By _____
Danielle Kenealey
Chief Deputy City Attorney

[Signature page to Bond Purchase Agreement]

EXHIBIT A

MATURITY SCHEDULE AND REDEMPTION PROVISIONS

\$[_____]]
City of San José, California
Airport Revenue Bonds
Series 2011[B/C]
(Non-AMT)

Maturity Schedule

<u>Maturity Date (March 1)</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>
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* Term Bonds, subject to mandatory sinking fund redemption.

^C Priced to the par call date of March 1, 20[____].

Redemption Provisions

[Optional Redemption. The Series 2011B Bonds maturing on and after March 1, 20[____] are subject to redemption prior to their stated maturity dates, at the option of the City, from any source of available funds, as a whole or in part from any maturities selected by the City on any date on or after March 1, 20[____], at a redemption price equal to [100]% of the principal amount

of the Series 2011B Bonds called for redemption, together with interest accrued thereon to the date fixed for redemption, but without premium.

Optional Make Whole Redemption. Prior to March 1, 20[___], the Series 2011B Bonds are subject to redemption prior to their respective maturities, at the option of the City, from any source of available funds, as a whole or in part from any maturities selected by the City, at the Make-Whole Redemption Price, together with interest accrued thereon to the date fixed for redemption.

“Make-Whole Redemption Price” means the amount equal to the greater of the following:

- (1) 100% of the principal amount of the Series 2011B Bonds to be redeemed; or
- (2) the original issue price of the Series 2011B Bonds to be redeemed; or
- (3) the sum of the present value of the remaining scheduled payments of principal of and interest on the Series 2011B Bonds to be redeemed, not including any portion of those payments of interest accrued and unpaid as of the date on which the Series 2011B Bonds are to be redeemed, discounted to the date on which the Series 2011B Bonds are to be redeemed on a semiannual basis, assuming a 360-day year consisting of twelve 30-day months, at the Treasury Rate, plus [___] basis points.

At the request of the City or the Trustee, the Make-Whole Redemption Price of the Series 2011B Bonds, with respect to paragraph (3) above, will be calculated by an independent accounting firm, investment banking firm or financial advisor retained by the City at the City’s expense. The City and the Trustee may conclusively rely on the determination of the Treasury Rate by the Designated Investment Banker and on any Make-Whole Redemption Price calculated by an independent accounting firm, investment banking firm or financial advisor and will not be liable for such reliance.

“Treasury Rate” means, with respect to any redemption date for a particular Series 2011B Bond, the rate per annum, expressed as a percentage of the principal amount, equal to the semiannual equivalent yield to maturity or interpolated maturity of the Comparable Treasury Issue, assuming that the Comparable Treasury Issue is purchased on the redemption date for a price equal to the Comparable Treasury Price, as calculated by the Designated Investment Banker.

“Comparable Treasury Issue” means, with respect to any redemption date for a particular Series 2011B Bond, the United States Treasury security or securities selected by the Designated Investment Banker which has an actual or interpolated maturity comparable to the remaining average life of the Series 2011B Bond to be redeemed, and that would be utilized in accordance with customary financial practice in pricing new issues of debt securities of comparable maturity to the remaining average life of the Series 2011B Bond to be redeemed.

“Comparable Treasury Price” means, with respect to any redemption date for a particular Series 2011B Bond, (i) if the Designated Investment Banker receives at least four Reference

Year	Principal Amount
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DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

EXHIBIT B-1

**FORM OF SUPPLEMENTAL OPINION OF
ORRICK, HERRINGTON & SUTCLIFFE LLP
AS BOND COUNSEL**

December [], 2011

[Underwriters]

City of San José
San José, California

Re: City of San José
Airport Revenue Bonds, Series 2011[B/C] [(Taxable)/(Non-AMT)]
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is addressed to [Underwriters], as Underwriters, and the City of San José (the “Issuer”), pursuant to Section 6(b)(ii) of the Bond Purchase Agreement, dated December [], 2011 (the “Bond Purchase Agreement”), among the Underwriters and the Issuer, providing for the purchase of \$[] aggregate principal amount of City of San José, California, Airport Revenue Bonds, Series 2011[B/C] [(Taxable)/(Non-AMT)] (the “Bonds”). The Bonds are being issued pursuant to a Master Trust Agreement, dated as of July 1, 2001, as amended and supplemented, as applicable, by the First Supplemental Trust Agreement, dated as of July 1, 2001, the Second Supplemental Trust Agreement, dated as of December 1, 2002, the Third Supplemental Trust Agreement, dated as of June 1, 2004, the Fourth Supplemental Trust Agreement, dated as of June 1, 2004, the Fifth Supplemental Trust Agreement, dated as of September 1, 2007, the Sixth Supplemental Trust Agreement, dated as of May 1, 2009, the Seventh Supplemental Trust Agreement, dated as of July 1, 2011, the Eighth Supplemental Trust Agreement, dated as of December 1, 2011, and the Ninth Supplemental Trust Agreement, dated as of December 1, 2011 (collectively, the “Master Trust Agreement”), by and between the Issuer and The Bank of New York Mellon Trust Company, N.A., as successor to BNY Western Trust Company, as trustee (the “Trustee”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Master Trust Agreement or, if not defined in the Master Trust Agreement, in the Bond Purchase Agreement.

We have delivered our final legal opinion (the “Bond Opinion”), as bond counsel to the Issuer, concerning the validity of the Bonds and certain other matters, dated the date hereof and addressed to the Issuer. The Underwriters may rely on such opinion as though the same were addressed to them.

In connection with our role as bond counsel to the Issuer, we have reviewed the Bond Purchase Agreement, the Master Trust Agreement, the Continuing Disclosure Certificate, the Tax Certificate, opinions of counsel to the Issuer and the Trustee, certificates of the Issuer, the

Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to provide the opinions or conclusions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Issuer. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the Bonds, the Master Trust Agreement, the Continuing Disclosure Certificate, the Tax Certificate and the Bond Purchase Agreement and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against cities in the State of California. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any assets described in or as subject to the lien of the Master Trust Agreement or the accuracy or sufficiency of the description contained therein of or scope of remedies available to enforce liens on any such assets. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated December [___], 2011 (the "Official Statement"), or other offering material relating to the Bonds and express no opinion relating thereto except as expressly set forth in numbered paragraph 3 below.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions or conclusions:

1. The Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Master Trust Agreement is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Bond Purchase Agreement has been duly executed and delivered by the Issuer and is a valid and binding agreement of the Issuer.

3. The statements contained in the Official Statement under the captions "DESCRIPTION OF THE SERIES 2011B/C BONDS," "SECURITY FOR THE BONDS," "TAX MATTERS," APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE MASTER TRUST AGREEMENT," and APPENDIX F – "PROPOSED FORM OF BOND COUNSEL OPINION," excluding any material that may be treated as included under such captions by cross-reference, insofar as such statements expressly summarize certain provisions of

the Master Trust Agreement and the form and content of our Bond Opinion, are accurate in all material respects.

4. The Continuing Disclosure Certificate has been duly executed and delivered by the Issuer and is a valid and binding agreement of the Issuer. No opinion regarding the adequacy of the Continuing Disclosure Certificate for purposes of S.E.C. Rule 15c2-12 may be inferred from this opinion.

This letter is furnished by us as Bond Counsel to the Issuer. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to the Underwriters as the underwriters of the Bonds, is solely for the benefit of the Underwriters and the Issuer and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

EXHIBIT B-2

**FORM OF SUPPLEMENTAL OPINION OF
ORRICK, HERRINGTON & SUTCLIFFE LLP
AS DISCLOSURE COUNSEL**

December [], 2011

[Underwriters]

Re: City of San José
Airport Revenue Bonds, Series 2011[B/C] [(Taxable)/(Non-AMT)]

Ladies and Gentlemen:

We have acted as disclosure counsel to the City of San José (the “Issuer”), as the issuer on this date of \$[] aggregate principal amount of City of San José Airport Revenue Bonds, Series 2011[B/C] [(Taxable)/(Non-AMT)] (the “Bonds”).

In that connection, we have reviewed a printed copy of the official statement of the Issuer, dated December [], 2011, with respect to the Bonds (the “Official Statement”), the Bond Purchase Agreement, dated December [], 2011, between the Issuer and [], as representative of the Underwriters (the “Bond Purchase Agreement”), certificates of the Issuer and others, the opinions referred to in paragraph 6(b) of the Bond Purchase Agreement, and we have made such investigations of law as we have deemed appropriate as a basis for the conclusion hereinafter expressed. We do not assume any responsibility for any electronic version of the Official Statement, and assume that any such version is identical in all respects to the printed version. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Official Statement.

In arriving at the conclusion hereinafter expressed, we are not expressing any opinion or view on, and with your permission are assuming and relying on, the validity, accuracy and sufficiency of the records, documents, certificates and opinions (other than our own legal opinions) referred to above, including the accuracy of all factual matters represented and legal conclusions contained therein, including, without limitation, any representations and legal conclusions regarding the due authorization, issuance, delivery, validity and enforceability of the Bonds and the exclusion of interest thereon from gross income for federal income tax purposes, and the legality, validity and enforceability of the Master Trust Agreement, and any laws, documents or instruments that may be related to the issuance, payment or security of the Bonds. We have assumed that all records, documents, certificates and opinions that we have reviewed, and the signatures thereto, are genuine.

We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as disclosure counsel to the Issuer, to assist the

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DRAFT--Contact the Office of the City Clerk at (408)535-1260 or CityClerk@sanjoseca.gov for final document.

Underwriters in part of their responsibility with respect to the Official Statement, we participated in conferences with representatives of the Issuer and the Underwriters, their respective counsel, Public Financial Management and Public Resources Advisory Group, as Financial Advisors, Ricondo & Associates, Inc., as Independent Airport Consultant and others, during which conferences the contents of the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences (which did not extend beyond the date of the Official Statement), and in reliance thereon and on the records, documents, certificates, opinions and matters mentioned above, we advise you as a matter of fact and not opinion that, during the course of our role as disclosure counsel with respect to the Bonds, no facts came to the attention of the attorneys in our firm rendering legal services in connection with such role which caused us to believe that the Official Statement as of its date and as of the date hereof (except for any CUSIP numbers, financial, accounting, statistical or economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any information about feasibility, real estate or environmental matters, Appendices B, E and I, or any information about book-entry, DTC, the providers of the reserve fund surety bonds, ratings, Rating Agencies, Underwriters or Underwriting included or referred to therein, which we expressly exclude from the scope of this paragraph and as to which we express no opinion or view) contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading. No responsibility is undertaken or view expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Official Statement.

This letter is furnished by us as disclosure counsel to the Issuer. No attorney-client relationship has existed or exists between our firm and the Underwriters in connection with the Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

EXHIBIT C

FORM OF CERTIFICATE OF THE INDEPENDENT AIRPORT CONSULTANT

The undersigned authorized representative of Ricondo & Associates, Inc. (the “Independent Airport Consultant”) hereby certifies that:

1. This Certificate is furnished pursuant to Section 6(b)(xiv) of the Bond Purchase Agreement, dated December [], 2011, by and between [], as representative of the underwriters named therein (the “Underwriters”), and the City of San José (the “City”), relating to the sale by the City of its \$[] aggregate principal amount of City of San José, California, Airport Revenue Bonds, Series 2011[B/C] [(Taxable)/(Non-AMT)] (the “Series 2011[B/C] Bonds”), as more fully described in the Preliminary Official Statement of the City, dated November [], 2011 (the “Preliminary Official Statement”) and the Official Statement of the City, dated December [], 2011 (the “Official Statement”), prepared in connection with the sale of said Series 2011[B/C] Bonds.

2. The Independent Airport Consultant has been retained by the City as its independent consultant to prepare the Report of the Independent Airport Consultant, dated June 27, 2011, and the Letter dated November [], 2011 (collectively, the “Report”), included as Appendix B to the Preliminary Official Statement and the Official Statement, and consent is hereby given to the references to the Independent Airport Consultant in the Preliminary Official Statement and the Official Statement and to the inclusion of the Report in Appendix B to the Preliminary Official Statement and the Official Statement.

3. In connection with the preparation of the Report, personnel for the Independent Airport Consultant have participated in meetings and conference calls with representatives of the City, the City’s Bond Counsel and Disclosure Counsel, the City’s Co-Financial Advisors, the Underwriters for the Series 2011[B/C] Bonds and their counsel with respect to the issuance of the Series 2011[B/C] Bonds. Nothing has come to the attention of the Independent Airport Consultant in relation to the preparation of the Report that would cause them to believe the Report was, as of its respective dates, or any of the statements in the Preliminary Official Statement or the Official Statement specifically attributed to the Independent Airport Consultant were, as of the date of the Preliminary Official Statement and the Official Statement, inaccurate in any material respect. While the Independent Airport Consultant has not reviewed all of the facts and data necessary to update the Report, subsequent to the date of the Report, the Independent Airport Consultant has not become aware of any change, or any development involving a prospective change, which would make any of the information or conclusions in the Report inaccurate or incomplete in any material respect.

4. This Certificate is solely for the information of, and assistance to, the City, its Disclosure Counsel and the Underwriters in conducting and documenting their investigation of the matters covered by the Report in connection with the offering pursuant to the Preliminary Official Statement and the Official Statement of the above-mentioned Series 2011[B/C] Bonds, and is not to be used, circulated, quoted or otherwise referred to within or without the underwriting group for any other purpose, including but not limited to the purchase or sale of securities (other than the Series 2011[B/C] Bonds), nor is it to be referred to in whole or in part

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in any other document (other than the Preliminary Official Statement of the Official Statement), except that reference may be made to it in the documents related to the Series 2011[B/C] Bonds. The Independent Airport Consultant acknowledges and agrees that this Certificate will become part of the transcript related to the Series 2011[B/C] Bonds and will be publicly available.

IN WITNESS WHEREOF, the undersigned has signed and executed this Certificate on this [] day of December, 2011.

RICONDO & ASSOCIATES, INC.

By: _____
Title: _____